



Health Services
LOS ANGELES COUNTY

March 2, 2010

**Los Angeles County
Board of Supervisors**

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Robert G. Splawn, M.D.
Interim Chief Medical Officer

TO: Each Supervisor

FROM: John F. Schunhoff, Ph.D. 
Interim Director

**SUBJECT: DHS AMBULATORY PHARMACY REFILL SERVICE AND
CENTRAL FILL/MAIL AGREEMENT STATUS REPORT**

Pursuant to a request from the Fifth District, the Department of Health Services (DHS) has been in the process of assessing methods of improving ambulatory care pharmacy operational efficiency, as well as availability of delivery services to DHS patients residing in remote locations. As communicated previously, a mail service pilot program within the High Desert Health System (HDHS) service area (Phase I – Mail Service) was initiated by DHS in August, 2008. This mail service pilot allows patients treated in two remote clinics (Lake Los Angeles and Little Rock) to obtain prescription medication refills via the mail from the HDHS outpatient pharmacy, thus avoiding the need to travel long distances to retrieve refill medications from the HDHS pharmacy. This Phase I pilot was successfully implemented, and has been operational since August 4, 2008.

The second phase of this pilot project involves the use of an offsite vendor to provide central fill services, allowing for DHS outpatient pharmacies to transmit prescription refill requests for offsite central fill/mail order service processing in a high volume automated refill center. Central fill services are expected to lower costs associated with processing of refill prescriptions, provide the ability to upgrade the outpatient pharmacy information system to increase operational efficiency, lower current maintenance costs and improve DHS pharmacies' ability to bill for insured patients, such as those with Medicare Part D. This pilot project will evaluate the potential for these benefits.

CONTRACT STATUS

Phase II of this project includes a Sole Source Agreement with Cardinal Health Solutions, Inc. (Cardinal), since Cardinal is currently DHS' pharmaceutical wholesaler and is in a unique position to provide DHS with central fill pharmacy services efficiently and cost-effectively.

The Agreement will include provisions that facilitate the transfer of information between the originating DHS pharmacy and the remote central fill vendor site. Cardinal intends to provide the central fill/mail order service utilizing a subcontractor, PDX-Rx.com. DHS will continue to maintain ownership of all medications, but these vendors will provide the actual dispensing services.

DHS and County Counsel are in the process of initiating contract negotiations with Cardinal to provide the proposed Agreement for your Board's approval and allow DHS to move forward with implementation of Phase II.

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Each Supervisor
March 2, 2010
Page 2

NEXT STEPS

Because the next significant step in this process will be a Board Letter requesting contracting authority, we have determined that quarterly reports are no longer needed on this subject. Therefore, unless otherwise instructed by your Board, this will be the last quarterly report.

If you have any questions or need additional information, please let me know.

JFS: it
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c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors
Chief Information Office